



Via Fax

October 31, 2014

The Honorable Tom Wheeler
Chairman
Federal Communications Commission
445 Twelfth Street, SW
Washington, DC 20554

Re: WC Docket No. 10-90, In the Matter of Connect America Fund

Dear Chairman Wheeler:

The Communications Workers of America (CWA) enthusiastically supports the Commission's proposal to increase the minimum downstream speed for the Commission's Connect America Fund (CAF) Phase II support from 4 Mbps to 10 Mbps. Since raising the speed benchmark increases network costs, the Commission must also provide carriers with a longer funding and build-out period than the five years initially established for a 4 Mbps speed standard.

Rural communities cannot be left behind in the digital age. The Commission has determined that households need 10 Mbps connectivity to access the video and data-rich applications on the Internet. Rural consumers, businesses, and community institutions need this minimum Internet capacity to drive economic development, job creation, improvements in education, health care, public safety, environmental protection, and civic participation. Speed matters on the Internet, whether one resides in rural, urban, or suburban America.

Today, many rural households still lack access to broadband. The Commission's CAF Phase II is designed to close that gap by providing support to carriers to build broadband to unserved rural households and businesses. The Commission's CAF Phase II projects support for broadband service to 4.2 million currently unserved homes and businesses in areas served by incumbent price cap carriers with an average density of just seven locations per square mile. The Commission established an annual cap of \$1.8 billion in funding over a five-year deployment period.

CWA recognizes that raising the CAF minimum speed requirement to 10 Mbps increases the cost of network build-out. Broadband providers will have to deploy fiber deeper into the network, put in more remote terminals, reconfigure distribution facilities, and pay the labor costs to do this work. Therefore, in order to build networks capable of delivering 10 Mbps in very rural locations, the Commission must increase the funding and build-out period. This is simple economics. With a longer funding and build-out period, carriers can afford to invest in more fiber, more

terminal equipment, shorter loops, and the labor that is necessary for this higher-speed deployment. Putting more fiber deeper into rural areas is good for the communities, and the entire ecosystem, both wired and wireless. Putting fiber deeper into rural areas supports the Commission's goals to get higher-speed networks connecting rural schools, libraries, and health centers.

CWA represents the workforce at the largest price-cap carriers, including CenturyLink, AT&T, Windstream, Frontier, Verizon, and FairPoint. These companies employ thousands of skilled, career employees with the expertise, deep knowledge, and strong commitment to quality service for rural America. Carefully balancing the CAF rules to encourage participation by the price cap carriers will support quality, career jobs in rural America and ensure that there is a qualified workforce immediately available to build, maintain, and service CAF supported broadband networks.

It is critical to the success of the CAF program that the Commission carefully balance the "three-legged stool" of support, build-out rules, and service obligations in order to ensure the business case for incumbent carriers to invest in broadband deployment and maintenance in high-cost rural areas. Changing one leg of the stool – the speed standard – without simultaneously making the build-out terms economically reasonable could lead some carriers to refuse to participate in the subsidy program in some or even all states, leaving rural communities behind. Therefore, CWA supports the CAF Phase II rules that provide a longer build-out and funding period, as well as increased flexibility, such as a provision that would allow CAF providers to build to 95 percent of customer locations in CAF-supported census blocks.

When the Commission established the CAF, it correctly determined that incumbent local exchange carriers were best positioned to extend broadband to unserved rural communities. That is why the CAF Phase II rules give incumbent carriers a right-of-first refusal for the CAF Phase II subsidy. Incumbent carriers that choose to accept the subsidy must serve all CAF supported census blocks in the state.

There are multiple reasons to ensure that the "three-legged stool" of support encourages incumbent carriers to accept the CAF Phase II subsidies and related deployment obligations. First, incumbent carriers have the skilled career workforce and the financial, managerial, and technical capacity to build, maintain, and service networks. Second, incumbent carriers can build on existing network infrastructure to deploy 10 Mbps broadband. Third, incumbent carriers must serve all CAF-eligible census blocks in the state, thereby avoiding the cherry-picking that will inevitably occur if the incumbent carrier declines to participate and the Commission runs a reverse auction to select the CAF subsidy recipient census block by census block. Fourth, we have learned from the broadband stimulus grant process that selecting providers through a competitive process is cumbersome, slow, and high-risk – all of which can be avoided if the CAF rules are structured to encourage incumbent providers to participate.

In summary, CWA encourages the Commission to adopt a 10 Mbps downstream speed standard for CAF Phase II support, while at the same time extending the build-out and funding period and providing some additional clearly-defined flexibility in meeting service obligations.

Sincerely,

A handwritten signature in black ink, appearing to be 'Larry Cohen', written over a horizontal line.

Larry Cohen
President

cc: Commissioner Jessica Rosenworcel
Commissioner Mignon Clyburn
Commissioner Ajit Pai
Commissioner Michael O'Rielly
Julie Veach
Carol Matthey
Ryan Palmer